

CHAPTER 1201
RAFFLES AND GAMES OF SKILL AND CHANCE
H.F. 2349

AN ACT relating to games of skill, games of chance, and raffles and providing an effective date.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 99B.1, subsection 6, Code 1985, is amended to read as follows:

6. "Net receipts" means gross receipts less amounts awarded as prizes and less state and local sales tax paid upon the gross receipts. Reasonable expenses, charges, fees, taxes other than the state and local sales tax, and deductions allowed by the department of revenue shall not exceed twenty-five thirty percent of net receipts.

Sec. 2. Section 99B.2, subsections 1 and 2, Code 1985, are amended to read as follows:

1. The department is the agency responsible for issuing a license required by this chapter. A license shall not be issued, except upon submission to the department of an application on forms furnished by the department, and the required license fee. A license may be issued to an eligible applicant. However, a license shall not be issued to an applicant who has been convicted of or pled guilty to a violation of this chapter, or who has been convicted of or pled guilty to a violation of chapter 123 that resulted, at any time, in revocation of a license issued to the applicant under chapter 123 or that resulted, within the twelve months preceding the date of application for a license required by this chapter, in suspension of a license issued under chapter 123. To be eligible for a two year license under section 99B.7, an organization shall have been in existence at least five years prior to the date of issuance of the license. However, an organization which has been in existence for less than five years prior to the date of issuance of the license may obtain a two-year license if either of the following conditions apply:

a. That prior to July 1, 1984, the organization was licensed under this subsection.

b. If the organization is a local chapter of a national organization and the national organization is a tax-exempt organization under one of the provisions enumerated in section 99B.7, subsection 1, paragraph "m", then the local organization is eligible for a two-year license if the national organization has been in existence at least five years.

A license also shall not be issued for a location for which a previous license issued under this chapter or chapter 123 has been revoked within the preceding two years until the period of the revocation or revocations has elapsed. A license shall not be issued to an individual whose previous license issued under this chapter or chapter 123 has been revoked until the period of revocation or revocations has elapsed. This prohibition applies even though the individual has created a different legal entity than the one to which the previous license that had been revoked was issued. Except as otherwise provided in this chapter, a license is valid for a period of two years from the date of issue. The license fee is not refundable, but shall be returned to the applicant if an application is not approved. When a bingo license has been issued by the department the licensee shall be notified by the department of the renewal date for the license ten days prior to that date.

2. A licensee other than one issued a license pursuant to section 99B.3, 99B.6 or section 99B.9 shall maintain proper books of account and records showing in addition to any other information required by the department, gross receipts and the amount of the gross receipts taxes collected or accrued with respect to gambling activities, all expenses, charges, fees and other deductions, and the cash amounts, or the cost to the licensee of goods or other noncash valuables, distributed to participants in the licensed activity. If the licensee is a qualified organization, the amounts dedicated and the date and name and address of each person to whom distributed also shall be kept in the books and records. The books of account and

records shall be made available to the department or a law enforcement agency for inspection at reasonable times, with or without notice. A failure to permit inspection is a serious misdemeanor.

Sec. 3. Section 99B.5, subsection 1, paragraphs b, d, e, and g, Code Supplement 1985, are amended to read as follows:

b. The sponsor of the fair or the qualified organization has submitted a license application and a fee of ~~fifteen~~ thirty dollars for each raffle, has been issued a license, and prominently displays the license at the drawing area of the raffle.

d. Except with respect to an annual raffle as provided in paragraph "g", the cost of each chance in or ticket to the raffle does not exceed one dollar.

e. ~~Cash~~ Except with respect to an annual raffle as provided in paragraph "g", cash prizes are not awarded and merchandise prizes are not repurchased.

g. The actual retail value of any prize does not exceed fifty dollars. If a prize consists of more than one item, unit, or part, the aggregate retail value of all items, units, or parts shall not exceed fifty dollars. However, either a fair sponsor or a qualified organization, but not both, may hold one raffle per calendar year at which a ~~merchandise~~ prize having a value not greater than ~~ten twenty~~ thousand dollars as may be offered. If the prize is merchandise, its value shall be determined by the purchase price paid by the fair may be awarded sponsor or qualified organization.

Sec. 4. Section 99B.6, subsection 1, unnumbered paragraph 1, Code 1985, as amended by 1986 Iowa Acts, House File 2017, section 1, is amended to read as follows:

Except as provided in ~~subsection~~ subsections 5 and 6, gambling is unlawful on premises for which a class "A", class "B", class "C", or class "D" liquor control license, or class "B" beer permit has been issued pursuant to chapter 123 unless all of the following are complied with:

Sec. 5. Section 99B.6, subsection 2, Code 1985, is amended to read as follows:

2. The holder of a license issued pursuant to this section ~~shall be~~ is strictly accountable for ~~maintaining compliance~~ complying with subsection 1. Proof of ~~any acts~~ an act constituting a violation ~~shall be~~ is grounds for revocation of the license issued pursuant to this section if the holder of the license permitted the violation to occur when the licensee knew or had reasonable cause to know of the ~~acts~~ act constituting the violation. ~~The holder of a license issued pursuant to this section which has its license revoked shall not be issued another license within six months of the date of revocation.~~

Sec. 6. Section 99B.6, Code 1985, as amended by 1986 Iowa Acts, House File 2017, sections 1 and 2, is amended by adding the following new subsection:

NEW SUBSECTION. 6. A qualified organization may conduct games of skill, games of chance, or raffles pursuant to section 99B.7 in an establishment that serves or sells alcoholic beverages, wine, or beer as defined in section 123.3 if the games or raffles are conducted pursuant to this chapter or rules adopted pursuant to this chapter.

Sec. 7. Section 99B.7, subsection 1, paragraphs c, d, and m, Code Supplement 1985, are amended to read as follows:

c. Cash or merchandise prizes may be awarded in the game of bingo and shall not exceed one hundred dollars. Merchandise prizes may be awarded in the game of bingo, however, the actual retail value of the prize, or if the prize consists of more than one item, unit or part, the aggregate retail value of all items, units or parts, shall not exceed one hundred dollars. A jackpot bingo game may be conducted once during any twenty-four hour period in which the prize may be increased by not more than one hundred dollars after each day's game. However, the cost of play in a jackpot bingo game shall not be increased and the jackpot shall not amount to more than ~~five seven~~ hundred fifty dollars in cash or actual retail value of merchandise prizes. A jackpot bingo game is not prohibited by paragraph "h". A

bingo occasion shall not last for longer than four consecutive hours. A qualified organization shall not hold more than fourteen bingo occasions per month. Bingo occasions held under a limited license shall not be counted in determining whether a qualified organization has conducted more than fourteen bingo occasions per month, nor shall bingo occasions held under a limited license be limited to four consecutive hours. With the exception of a limited license bingo, no more than three bingo occasions per week shall be held within a structure or building and only one person licensed to conduct games under this section may hold bingo occasions within a structure or building.

PARAGRAPH DIVIDED. However, a qualified organization, which is a senior citizens' center or a residents' council at a senior citizen housing project or a group home, may hold more than fourteen bingo occasions per month and more than three bingo occasions per week within the same structure or building, and bingo occasions conducted by such a qualified organization may last for longer than four consecutive hours, if the majority of the patrons of the qualified organization's bingo occasions also participate in other activities of the senior citizens' center or are residents of the housing project. At the conclusion of each bingo occasion, the person conducting the game shall announce both the gross receipts received from the bingo occasion and the use permitted under subsection 3, paragraph "b", to which the net receipts of the bingo occasion will be dedicated and distributed.

d. Cash prizes shall not be awarded in games other than bingo and raffles. The actual retail value of any merchandise prizes shall not exceed fifty dollars and merchandise prizes shall not be repurchased. However, one raffle may be conducted in a twelve-month period per calendar year at which a merchandise prize having a value not greater than ten twenty thousand dollars as determined by purchase price paid by the organization or donor may be awarded. If the prize is merchandise, its value shall be determined by purchase price paid by the organization or donor.

m. The person or organization conducting the game can show to the satisfaction of the department that the person or organization is eligible for exemption from federal income taxation under either section 501(c)(3), 501(c)(4), 501(c)(5), 501(c)(6), 501(c)(7), 501(c)(8), 501(c)(10) or 501(c)(19) of the Internal Revenue Code of 1954, as defined in section 422.3. However, this paragraph does not apply to a political party as defined in section 43.2, to a nonparty political organization that has qualified to place a candidate as its nominee for statewide office pursuant to chapter 44, or to a candidate committee as defined in section 56.2.

Sec. 8. Section 99B.7, subsection 3, paragraph a, Code Supplement 1985, is amended to read as follows:

3. a. A person wishing to conduct games and raffles pursuant to this section as a qualified organization shall submit an application and a license fee of one hundred dollars. However, upon submission of an application accompanied by a license fee of fifteen dollars, a person may be issued a limited license which shall authorize the person to conduct all games and raffles pursuant to this section at a specified location and during a specified period of fourteen consecutive calendar days. A limited license shall not be issued more than once during any twelve-month period calendar year to the same person, or for the same location. For the purposes of this paragraph, a limited license is deemed to be issued on the first day of the fourteen-day period for which the license is issued.

Sec. 9. Section 99B.7, subsection 3, paragraph b, Code 1985, is amended to read as follows:

b. A person or the agent of a person submitting application to conduct games pursuant to this section as a qualified organization shall certify that the receipts of all games, less reasonable expenses, charges, fees, taxes, and deductions allowed by this chapter, either will be distributed as prizes to participants or will be dedicated and distributed to educational, civic, public, charitable, patriotic or religious uses in this state and that the amount dedicated and distributed will equal at least seventy five seventy percent of the net receipts. "Educational, civic, public, charitable, patriotic, or religious uses" means uses benefiting a society for the prevention of cruelty to animals or animal rescue league, or uses benefiting an indefinite

number of persons either by bringing them under the influence of education or religion or relieving them from disease, suffering, or constraint, or by erecting or maintaining public buildings or works, or otherwise lessening the burden of government, or uses benefiting any bona fide nationally chartered fraternal or military veterans' corporation or organization which operates in Iowa a clubroom, post, dining room, or dance hall, but do not include the erection, acquisition, improvement, maintenance, or repair of real, personal or mixed property unless it is used for one or more of the uses stated. "Public uses" specifically includes dedication of net receipts to political parties as defined in section 43.2. "Charitable uses" includes uses benefiting a definite number of persons who are the victims of loss of home or household possessions through explosion, fire, flood, or storm when the loss is uncompensated by insurance, and uses benefiting a definite number of persons suffering from a seriously disabling disease or injury, causing severe loss of income or incurring extraordinary medical expense when the loss is uncompensated by insurance.

Proceeds given to another charitable organization to satisfy the ~~seventy-five~~ seventy percent dedication requirement shall not be used by the donee to pay any expenses in connection with the conducting of bingo by the donor organization, or for any cause, deed, or activity that would not constitute a valid dedication under this section.

Sec. 10. Section 99B.8, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 4. However, an organization may sponsor one or more game nights using play money for participation by students without the organization obtaining a license otherwise required by this section if the organization obtains prior approval for the game night from the board of directors of the accredited public school or the authorities in charge of the nonpublic school accredited by the state board of education for whose students the game night is to be held.

Sec. 11. Section 99B.14, unnumbered paragraph 1, Code 1985, is amended to read as follows:

The department shall revoke a license issued pursuant to this chapter if the licensee or an agent of the licensee violates or permits a violation of a provision of this chapter, or a departmental ~~rules~~ rule adopted pursuant to chapter 17A, or if ~~any~~ a cause exists for which the director would have been justified in refusing to issue a license, or upon the conviction of ~~any~~ a person of a violation of this chapter or ~~rules~~ a rule adopted under this chapter which occurred on the licensed premises. However, the revocation of one type of gambling license does not require the revocation of a different type of gambling license held by the same licensee.

Sec. 12. NEW SECTION. 99B.21 TAX ON PRIZES.

All prizes awarded are Iowa earned income and are subject to state and federal income tax laws. A person conducting a game of skill, game of chance, or a raffle shall deduct state income taxes from a cash prize awarded to an individual in excess of six hundred dollars. An amount deducted from the prize for payment of a state tax shall be remitted to the state department of revenue on behalf of the prize winner.

Sec. 13. Section 422.45, Code Supplement 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 32. Gross sale* from the sale of raffle tickets for a raffle licensed pursuant to section 99B.5.

Sec. 14. This Act, being deemed of immediate importance, takes effect from and after its

*Gross "receipts" probably intended

publication in The Cascade Pioneer-Advertiser, a newspaper published in Cascade, Iowa, and in the Advocate News, a newspaper published in Wilton, Iowa.

Approved May 21, 1986

Pursuant to the authority vested in the undersigned Secretary of State of the State of Iowa, under the provisions of Section 3.9, Code of Iowa, 1985, there being no newspaper by the name of the Advocate News, published in Wilton, Iowa, I hereby designate that House File 2349 be published in the Wilton-Durant Advocate News, a newspaper published in Wilton, Iowa.

MARY JANE ODELL, *Secretary of State*

I hereby certify that the foregoing Act, House File 2349, was published in the Wilton-Durant Advocate News, Wilton, Iowa, on May 29, 1986, and in The Cascade Pioneer-Advertiser, Cascade, Iowa, on June 12, 1986.

MARY JANE ODELL, *Secretary of State*

CHAPTER 1202

CIVIL PENALTIES FOR VIOLATIONS OF LOCAL ORDINANCES

H.F. 2393

AN ACT authorizing cities and counties to establish civil penalties for violations of ordinances.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 364.3, Code Supplement 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 5. A city shall not provide a civil penalty in excess of one hundred dollars for the violation of an ordinance which is classified as a municipal infraction or if the infraction is a repeat offense, a civil penalty not to exceed two hundred dollars for each repeat offense. A municipal infraction is not punishable by imprisonment.

Sec. 2. **NEW SECTION. 364.22 MUNICIPAL INFRACTIONS.**

1. A municipal infraction is a civil offense punishable by a civil penalty of not more than one hundred dollars for each violation or if the infraction is a repeat offense, a civil penalty not to exceed two hundred dollars for each repeat offense.

2. A city by ordinance may provide that a violation of an ordinance is a municipal infraction.

3. A city shall not provide that a violation of an ordinance is a municipal infraction if the violation is a felony or misdemeanor by state law.

4. An officer authorized by a city to enforce a city code or regulation may issue a civil citation to a person who commits a municipal infraction. The citation may be served by personal service or by certified mail return receipt requested. A copy of the citation shall be retained by the issuing officer, and one copy shall be sent to the clerk of the district court. The citation shall serve as notification that a civil offense has been committed and shall contain the following information:

- a. The name and address of the violator.
- b. The name or description of the infraction attested to by the officer issuing the citation.
- c. The location and time of the infraction.
- d. The amount of civil penalty to be assessed or the alternate relief sought, or both.
- e. The manner, location, and time in which the penalty may be paid.
- f. The time and place of court appearance.